

# Q4 2023 Dividends

## HIGHLIGHTS

- Thirty-four companies increased or reinstated their dividend in 2023 compared to 34, 32 and 34 during 2022, 2021 and 2020, respectively. There was one dividend suspension in 2023.
- Thirty-eight of the 39 utilities in the EEI Index were paying a common stock dividend as of December 31, 2023.
- The average dividend increase in 2023 was 5.1%, with a range of 1.0% to 10.0% and a median increase of 5.4%.
- The industry's dividend payout ratio was 64.2% for the twelve months ended September 31, 2023, exceeding all other U.S. business sectors.
- The industry's average dividend yield was 3.8% on December 31, 2023, leading all U.S. business sectors.

## I. Sector Comparison, Dividend Payout Ratio

*Last Twelve Months*

Sector	Payout Ratio (%)
EEI Index Companies*	64.2
Utilities	59.8
Consumer Staples	53.8
Materials	39.6
Energy	39.4
Industrial	34.1
Health Care	33.5
Financial	27.2
Technology	25.3
Consumer Discretionary	21.9

\*For this table, EEI (1) sums dividends and (2) sums earnings of all index companies and then (3) divides to determine the comparable DPR.

EEI Index Companies payout ratio based on LTM common dividends paid and income before nonrecurring and extraordinary items.

S&P sector payout ratios based on 2023E dividends and earnings per share (estimates as of 12/31/2023).

For more information on constituents of each S&P sector see [www.sectorspdr.com](http://www.sectorspdr.com).  
Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

## COMMENTARY

The investor-owned electric utility industry continued its long-term trend of widespread dividend increases in 2023. A total of 34 companies increased or reinstated their dividend for the second straight year; this compares to 32 in 2021, 34 in 2020, 37 in 2019, 39 in 2018 and 36 to 40 companies annually from 2012 through 2017. One company suspended its dividend in 2023. One company reduced its dividend in 2022, zero did so in 2021 and two did in 2020.

The percentage of companies that raised or reinstated their dividend in 2023 was 87% for the second straight year. This was up from 82% in 2021 and in line with the 85% to 93% range from 2015 through 2020. By contrast, only 27 of the 65 utilities tracked by EEI increased their dividend in 2003, just prior to the passage of legislation that reduced dividend tax rates. The percentages noted above are drawn

## II. Sector Comparison, Dividend Yield

*at 12/31/2023*

Sector	Yield (%)
EEI Index Companies	3.8
Energy	3.6
Utilities	3.5
Consumer Staples	2.7
Materials	2.0
Financial	1.8
Health Care	1.6
Industrial	1.5
Technology	0.9
Consumer Discretionary	0.8

\*EEI Index Companies' yield based on last announced, annualized dividend rates (as of 12/31/2023); S&P sector yields based on 2023E cash dividends (estimates as of 12/31/2023).

For more information on constituents of each S&P sector see [www.sectorspdr.com](http://www.sectorspdr.com).  
Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

### III. Dividend Patterns 2004–2023

#### U.S. Investor-Owned Electric Utilities

	Raised	No Change	Lowered	Omitted	Reinstated	Not Paying	Total	Dividend Payout Ratio*
2004	35	22	1	0	0	7	65	67.9%
2005	34	22	1	1	2	5	65	66.5%
2006	41	17	0	0	0	6	64	63.5%
2007	40	15	0	0	3	3	61	62.1%
2008	36	20	1	0	1	1	59	66.8%
2009	31	23	3	0	0	1	58	69.6%
2010	34	22	0	0	0	1	57	62.0%
2011	31	22	0	1	1	0	55	62.8%
2012	36	14	0	0	1	0	51	64.2%
2013	36	12	1	0	0	0	49	61.5%
2014	38	9	1	0	0	0	48	60.4%
2015	39	7	0	0	0	0	46	67.0%
2016	40	4	0	0	0	0	44	62.9%
2017	38	4	0	1	0	0	43	64.0%
2018	39	1	1	0	0	1	42	63.9%
2019	37	2	0	0	0	1	40	62.6%
2020	34	2	2	0	0	1	39	65.3%
2021	32	6	0	0	0	1	39	61.6%
2022	34	3	1	0	0	1	39	70.8%
2023 Q1	19	19	0	0	0	1	39	69.5%
2023 Q2	2	36	0	0	0	1	39	68.2%
2023 Q3	5	33	0	0	0	1	39	68.6%
2023 Q4	8	29	0	1	1	0	39	68.5%
2023	33	4	0	1	1	0	39	68.5%

  

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Avg. Increase	9.4%	7.2%	8.2%	6.8%	7.2%	5.3%	5.7%	5.8%	5.6%	5.6%	5.7%	5.1%	5.1%	4.8%	5.2%	5.1%
Avg. Decrease	45.7%	46.4%	NA	100%	NA	41.0%	34.5%	NA	NA	NA	79.8%	NA	40.6%	NA	51.8%	100%

Note: Only one action per company per year is counted. If a company raised its dividend twice, this counts as one in the Raised column. / \*2023 figures reflect dividend changes (raised, lowered, etc.) through 12/31/2023 and earnings and dividends through 9/30/2023 (payout ratio).

Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

### IV. Category Comparison, Dividend Payout Ratio

#### Last Twelve Months

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
EEI Index	60.4	67.0	62.9	64.0	63.9	62.6	65.3	61.6	70.8	68.5
Regulated	59.4	68.7	61.1	68.7	60.1	62.1	65.3	59.5	69.2	66.1
Mostly Reg.	63.8	62.6	68.0	53.3	72.8	64.1	65.2	69.0	77.4	84.3
Diversified	56.4	64.9	64.6	--	--	--	--	--	--	--

Regulated: 80% or more of total assets are regulated

Mostly Regulated: Less than 80% of total assets are regulated

Diversified: Prior to 2017, less than 50% of total assets are regulated

\*2023 figures reflect earnings and dividends through 9/30/2023.

Source: EEI Finance Department, S&P Global Market Intelligence and company reports.

from a dataset that begins in 1988. Mergers and acquisitions reduced the number of publicly traded utilities included in the EEI Index from 65 in 2003 to 39 at year-end 2023.

As shown in the Dividend Patterns table, 38 of the 39 publicly traded utilities in the EEI Index were paying a common stock dividend as of December 31, 2023. Each company is limited to one action per year in the table. For example, if a company raised its dividend twice during a year that counts as one in the Raised column. Electric utilities generally use the same quarter each year for dividend changes, with Q1 the most common.

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### V. Category Comparison, Dividend Yield

#### at 12/31/2023

Category	Dividend Yield (%)
EEI Index	3.8
Regulated	3.8
Mostly Regulated	3.9

Regulated: 80% or more of total assets are regulated

Mostly Regulated: Less than 80% of total assets are regulated

Source: EEI Finance Department, S&P Global Market Intelligence and company reports.

### 2023 Increases Average 5.1%

The average dividend increase in 2023 was 5.1%, with a range of 1.0% to 10.0% and a median increase of 5.4%. NextEra Energy (+10.0% in Q1), WEC Energy (+7.2% in Q1), DTE Energy (+7.1% in Q4), Ameren (+6.8% in Q1), Xcel Energy (+6.7% in Q1), PPL Corporation (+6.7% in Q1) and Exelon (+6.7% in Q1) posted the largest percentage increases.

NextEra Energy, headquartered in Juno Beach, Florida, increased its quarterly dividend from \$0.425 to \$0.4675 per share during the first quarter. The increase is consistent with

## VI. Dividend Summary

U.S. Investor-Owned Electric Utilities (at 12/31/2023)

Company Name	Ticker	Category	Annual Dividend Rate	Payout Ratio	Dividend Yield	Last Action	To	From	Announced
ALLETE, Inc.	ALE	MR	\$2.71	83.1%	4.4%	Raised	\$2.71	\$2.60	2023 Q1
Alliant Energy Corporation	LNT	R	\$1.81	64.9%	3.5%	Raised	\$1.81	\$1.71	2023 Q1
Ameren Corporation	AEE	R	\$2.52	55.9%	3.5%	Raised	\$2.52	\$2.36	2023 Q1
American Electric Power Co., Inc.	AEP	R	\$3.52	69.2%	4.3%	Raised	\$3.52	\$3.32	2023 Q4
AVANGRID, Inc.	AGR	MR	\$1.76	159.9%	5.4%	Raised	\$1.76	\$1.73	2018 Q3
Avista Corporation	AVA	R	\$1.84	83.6%	5.1%	Raised	\$1.84	\$1.76	2023 Q1
Black Hills Corporation	BKH	R	\$2.50	61.9%	4.6%	Raised	\$2.50	\$2.38	2022 Q4
CenterPoint Energy, Inc.	CNP	R	\$0.80	54.1%	2.8%	Raised	\$0.80	\$0.76	2023 Q3
CMS Energy Corporation	CMS	R	\$1.95	77.7%	3.4%	Raised	\$1.95	\$1.84	2023 Q1
Consolidated Edison, Inc.	ED	R	\$3.24	74.3%	3.6%	Raised	\$3.24	\$3.16	2023 Q1
Dominion Resources, Inc.	D	R	\$2.67	55.6%	5.7%	Raised	\$2.67	\$2.52	2022 Q1
DTE Energy Company	DTE	R	\$4.08	59.7%	3.7%	Raised	\$4.08	\$3.81	2023 Q4
Duke Energy Corporation	DUK	R	\$4.10	76.8%	4.2%	Raised	\$4.10	\$4.02	2023 Q3
Edison International	EIX	R	\$3.12	49.2%	4.4%	Raised	\$3.12	\$2.95	2023 Q4
Entergy Corporation	ETR	R	\$4.52	59.9%	4.5%	Raised	\$4.52	\$4.28	2023 Q4
Evergy, Inc.	EVRG	R	\$2.57	77.5%	4.9%	Raised	\$2.57	\$2.45	2023 Q4
Eversource Energy	ES	R	\$2.70	57.5%	4.4%	Raised	\$2.70	\$2.55	2023 Q1
Exelon Corporation	EXC	R	\$1.44	64.4%	4.0%	Raised	\$1.44	\$1.35	2023 Q1
FirstEnergy Corp.	FE	R	\$1.64	133.0%	4.5%	Raised	\$1.64	\$1.56	2023 Q3
Hawaiian Electric Industries, Inc.	HE	MR	\$0.00	72.1%	0.0%	Lowered	\$0.00	\$1.44	2023 Q4
IDACORP, Inc.	IDA	R	\$3.32	58.9%	3.4%	Raised	\$3.32	\$3.16	2023 Q4
MDU Resources Group, Inc.	MDU	MR	\$0.50	47.2%	2.5%	Raised	\$0.50	\$0.49	2022 Q4
MGE Energy, Inc.	MGEE	R	\$1.71	50.3%	2.4%	Raised	\$1.71	\$1.63	2023 Q3
NextEra Energy, Inc.	NEE	MR	\$1.87	59.4%	3.1%	Raised	\$1.87	\$1.70	2023 Q1
NiSource Inc.	NI	R	\$1.00	56.0%	3.8%	Raised	\$1.00	\$0.94	2023 Q1
NorthWestern Corporation	NWE	R	\$2.56	85.6%	5.0%	Raised	\$2.56	\$2.52	2023 Q1
OGE Energy Corp.	OGE	R	\$1.67	79.3%	4.8%	Raised	\$1.67	\$1.66	2023 Q3
Otter Tail Corporation	OTTR	R	\$1.75	25.9%	2.1%	Raised	\$1.75	\$1.65	2023 Q1
PG&E Corporation	PCG	R	\$0.04	0.0%	0.2%	Raised	\$0.04	—	2023 Q4
Pinnacle West Capital Corporation	PNW	R	\$3.52	78.7%	4.9%	Raised	\$3.52	\$3.46	2023 Q4
PNM Resources, Inc.	PNM	R	\$1.55	69.3%	3.7%	Raised	\$1.55	\$1.47	2023 Q4
Portland General Electric Company	POR	R	\$1.90	81.5%	4.4%	Raised	\$1.90	\$1.81	2023 Q2
PPL Corporation	PPL	R	\$0.96	59.4%	3.5%	Raised	\$0.96	\$0.90	2023 Q1
Public Service Enterprise Group Inc.	PEG	R	\$2.28	39.5%	3.7%	Raised	\$2.28	\$2.16	2023 Q1
Sempra Energy	SRE	R	\$2.38	46.3%	3.2%	Raised	\$2.38	\$2.29	2023 Q1
Southern Company	SO	R	\$2.80	86.5%	4.0%	Raised	\$2.80	\$2.72	2023 Q2
Unitil Corporation	UTL	R	\$1.62	58.4%	3.1%	Raised	\$1.62	\$1.56	2023 Q1
WEC Energy Group, Inc.	WEC	R	\$3.12	70.9%	3.7%	Raised	\$3.12	\$2.91	2023 Q1
Xcel Energy Inc.	XEL	R	\$2.08	60.4%	3.4%	Raised	\$2.08	\$1.95	2023 Q1
<b>Industry Average</b>				<b>68.5%</b>	<b>3.9%</b>				

Categories — R = Regulated (80% or more of total assets are regulated), MR = Mostly Regulated (Less than 80% of total assets are regulated); based on assets at 12/31/2022.  
Dividend Per Share — Per share amounts are annualized declared figures as of 12/31/2023.

Dividend Payout Ratio — Dividends paid for 12 months ended 9/30/2023 divided by net income before nonrecurring and extraordinary items for 12 months ended 9/30/2023. While net income is after tax, nonrecurring and extraordinary items are pre-tax as there is no consistent method of gathering these items on a tax-adjusted basis under current reporting guidelines. On an individual company basis, the Payout Ratio in the table could differ slightly from what is reported directly by the company. NM applies to companies with negative earnings or payout ratios greater than 200%.

Dividend Yield — Annualized Dividends Per Share at 12/31/2023 divided by stock price at market close on 12/31/2023.

Source: EEI Finance Department and S&P Global Market Intelligence.

its plan, announced in 2022, to target roughly 10% annual growth in its per-share dividend through at least 2024, off a 2022 base. NextEra recorded the industry's highest percentage increases in 2022 (+10.4%), 2021 (+10.0%), 2020 (+12.0%) and 2019 (+12.6%), which followed the second-highest percentage increase in 2018 (+13.0%) and the largest percentage increases in both 2017 (+12.9%) and 2016

(+13.0%, along with Edison International and DTE Energy).

WEC Energy Group, based in Milwaukee, Wisconsin, raised its quarterly dividend from \$0.7275 to \$0.78 in the first quarter. This marked its 322nd consecutive quarterly common stock dividend, dating back to 1942, and the 20th straight year with a dividend increase. WEC Energy contin-

## VII. Free Cash Flow

U.S. Investor-Owned Electric Utilities

(\$ Billions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Cash Provided by Oper. Activi-	82.9	77.7	84.4	84.0	87.1	89.0	101.6	98.3	101.2	100.0	95.3	67.7	82.4	92.3
— Capital Expenditures	(77.6)	(74.2)	(78.6)	(90.3)	(90.3)	(96.1)	(104.0)	(112.5)	(113.1)	(121.0)	(125.9)	(135.3)	(136.6)	(150.8)
— Div. Paid to Common Shares	(17.1)	(18.0)	(19.3)	(20.5)	(20.8)	(21.1)	(22.5)	(23.8)	(25.5)	(25.6)	(27.9)	(29.3)	(30.3)	(31.4)
Free Cash Flow	(11.8)	(14.4)	(13.5)	(26.8)	(24.0)	(28.2)	(24.8)	(38.0)	(37.5)	(46.6)	(58.5)	(96.9)	(84.4)	(89.9)

Source: S&amp;P Global Market Intelligence and EEI Finance Department.

ues to target a dividend payout ratio of 65 to 70 percent of earnings.

DTE Energy, headquartered in Detroit, Michigan, increased its quarterly dividend from \$0.9525 to \$1.02 per share during the fourth quarter. The company noted the move continues its more than 100-year history of issuing a cash dividend.

Ameren, based in St. Louis, Missouri, raised its quarterly dividend from \$0.59 to \$0.63 per share in Q1, marking the tenth consecutive annual increase. The company anticipates dividend growth will be in line with the company's long-term earnings-per-share growth expectations and within a payout ratio of 55% to 70%.

Xcel Energy, headquartered in Minneapolis, Minnesota, increased its quarterly dividend from \$0.4875 to \$0.52 per share during Q1. Since increasing its dividend growth objective in 2015 to a range of 5% to 7% annually, Xcel has delivered average annual dividend increases above 6%.

PPL Corporation, based in Allentown, Pennsylvania, raised its quarterly dividend from \$0.225 to \$0.24 per share in Q1. The company reaffirmed expectations of 6% to 8% annual EPS and dividend growth through at least 2026.

Exelon, headquartered in Chicago, Illinois, increased its quarterly dividend from \$0.3375 to \$0.36 per share during Q1. In February 2022, the company completed the separation of Constellation Energy, Exelon's former power generation and competitive energy business, with Exelon continuing as the parent company for its fully regulated transmission and distribution utilities.

Hawaiian Electric announced in August 2023 that it would suspend its dividend effective Q4 2023 due to the impact from the devastating Maui wildfires. The company's quarterly dividend rate had been \$0.36 per share. Prior to the dividend suspension, Hawaiian Electric's last dividend increase occurred in Q1 2023.

The industry's average and median increases have been relatively consistent in recent years. The average was 5.2% in 2022, 4.8% in 2021, and ranged between 5.1% and 5.7% from 2016 through 2020. The median increase was 5.6% in 2022 and ranged between 4.9% and 5.5% from 2017 through 2021.

## PG&amp;E Reinstates Dividend

PG&E in Q4 declared a cash dividend on its common stock for the first time since 2017. The company stated that "reinstating the common dividend reflects Pacific Gas and Electric Company's substantial progress in becoming a safe and stable utility that can now attract more long-term investors. Since 2017, we have reinvested the vast majority of our earnings back into our system and will continue to do so. Our earnings have gone directly into infrastructure projects focused on improving safety and reliability for our customers." The reinstated dividend was set initially at an annual rate of \$0.04 per share.

## Payout Ratio and Dividend Yield

The industry's dividend payout ratio was 64.2% for the twelve months ended September 31, 2023, exceeding all other U.S. business sectors. The industry's payout ratio was 68.5% when measured as an un-weighted average of individual company ratios; 64.2% represents an aggregate figure. From 2000 through 2022, the industry's annual payout ratio ranged from 60.4% to 70.8%.

While the industry's net income has fluctuated from year to year, its payout ratio has remained relatively consistent after eliminating non-recurring and extraordinary items from earnings. We use the following approach when calculating the industry's dividend payout ratio:

1. Non-recurring and extraordinary items are eliminated from earnings.
2. Companies with negative adjusted earnings are eliminated.
3. Companies with a payout ratio in excess of 200% are eliminated.

The industry's average dividend yield was 3.8% on December 31, 2023, leading all U.S. business sectors. The industry's average dividend yield was 3.4% at year-end 2022, 3.3% at year-end 2021, 3.6% at year-end 2020, 3.0% for 2019 and 3.4% at each of the three previous year-ends. An overall decline in utility stock prices along with strong dividend activity resulted in the higher yield at year-end 2023; the market cap weighted EEI Index returned -8.7% for the year. We calculate the industry's average dividend yield using

an un-weighted average of the yields of EEI Index companies paying a dividend.

### Business Category Comparison

The Regulated category's dividend payout ratio was 66.1% for the twelve months ended September 30, 2023 compared to 84.3% for the Mostly Regulated category. The Regulated group produced the higher annual payout ratio in 2020, 2017, 2015, 2011, 2010 and in each year from 2003 through 2008.

The Regulated and Mostly Regulated average dividend yields were 3.8% and 3.9%, respectively on December 31, 2023 compared to 3.4% and 3.3% at year-end 2022, 3.3% and 3.0% at year-end 2021, 3.6% and 3.4% at year-end 2020 and 3.0 and 3.1% at year-end 2019. The dividend yields for both categories at year-end 2018 and 2017 were 3.4%.

### Electric Utilities' History of Strong Dividends

The electric utility sector has long been known as a leading dividend payer among U.S. business sectors. This reputation is founded on:

- A steady stream of income from a product that is universally needed and with low elasticity of demand.
- A mostly regulated industry that provides reasonable returns on investment and relatively low investment risk.
- A mature industry comprised of companies with very long track records of maintaining and/or steadily increasing their dividends over time.

These characteristics are especially attractive to an aging population of investors who seek a combination of growth and income. A typical total return model for electric utilities is approximately 4% to 6% annual earnings growth and a 3% to 4% dividend yield, producing a highly visible and relatively stable 7% to 10% annualized long-term total return potential.

### Dividend Tax Rates

The top tax rate for dividends and capital gains in 2023 was 20%, applied at income thresholds of \$553,850 for couples and \$492,300 for individuals. Below these thresholds, dividends and capital gains are each taxed at rates of 15% or 0%, depending on the filer's income. A 3.8% Medicare tax that was included in 2010 health care legislation is also applied to all investment income for couples earning more than \$250,000 (\$200,000 for singles).

The Tax Cuts and Jobs Act (TCJA), signed into law in December 2017, maintained the pre-existing and equal tax rates for dividends and capital gains. This parity is crucial to avoid a capital raising disadvantage for companies, such as electric utilities, that rely on a strong dividend to attract investors and finance capital spending. ■